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LETTER DATED 11 OCTOBER 1999 FROM THE CHAIRMAN OF THE SECURITY COUNCIL COMMITTEE ESTABLISHED PURSUANT TO SECURITY COUNCIL RESOLUTION 864 (1993) CONCERNING THE SITUATION IN ANGOLA ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

As Chairman of the Security Council Committee established pursuant to resolution 864 (1993) concerning the situation in Angola, I have the honour to transmit herewith a copy of my letter to the Managing Director of De Beers Consolidated Mines Limited in reply to his letter of 5 October 1999 (see annex).

I would be grateful if the present letter, together with its annex, were circulated to members of Security Council for their information and issued as a document of the Security Council.

(Signed) Robert R. FOWLER
Chairman
Security Council Committee established
pursuant to resolution 864 (1993)
concerning the situation in Angola

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Annex

Letter dated 11 October 1999 from the Chairman of the Security Council Committee established pursuant to Security Council resolution 864 (1993) concerning the situation in Angola addressed to the Managing Director of the De Beers Consolidated Mines Limited

Thank you for your important letter of 5 October 1999, in which you outline further action to be taken by De Beers Consolidated Mines Limited in support of the measures against UNITA contained in Security Council resolution 1173 (1998). The members of the Angola Sanctions Committee very much appreciate these additional steps, which give force and specific expression to your company's commitment both to adhere to the decisions of the Security Council on sanctions against UNITA diamond sales and to assist the Sanctions Committee in its efforts to render them effective. We look forward to continued collaboration between De Beers and both the Committee and the expert panels established by resolution 1237 (1999).

(Signed) Robert R. FOWLER
Chairman
Security Council Committee established
pursuant to resolution 864 (1993)
concerning the situation in Angola

Appendix

Letter dated 5 October 1999 from the Managing Director of the De Beers Consolidated Mines Limited addressed to the Chairman of the Security Council Committee established pursuant to Security Council resolution 864 (1993) concerning the situation in Angola

I am writing to you in your capacity as Chairman of the Angolan Sanctions Committee of the Security Council. You are aware that De Beers has never bought diamonds from UNITA and that, since the promulgation of resolution 1173 (1998), it has not bought Angolan diamonds without the requisite certificate of origin. As part of the ongoing efforts of De Beers to assist the United Nations and the Angolan Government, De Beers has now resolved to take the following further action:

- To suspend buying anywhere in the world any parcels of Angolan diamonds whatsoever;
- To withdraw from the Codiam joint venture in Angola and thereby effectively to have no further interest in any diamond buying offices in Angola;
- To review our other buying operations in Central and West Africa with a view to withdrawal (other than Angola, these buying offices are limited to the Democratic Republic of the Congo and Guinea).

De Beers' position will be kept under review in consultation with the United Nations, the Government of Angola and the Governments of other African diamond-producing countries.

An exception to De Beers' decision to suspend the purchase of Angolan diamonds pertains to the production emanating from the organization Sociedade de Desolvimento Mineiro, a joint venture involving Endiama, Ashton and Odebrecht. Because of the formal nature of this mining operation, there can be no doubt about the provenance of this diamond production, which De Beers is contracted to buy.

De Beers' decisions are motivated by its deep concern for the human suffering evident in Angola as a result of the civil strife; and our wish to help the United Nations and the Angolan Government to bring peace to this war-torn country.

I enclose a copy of the press release which we shall be disseminating today, Tuesday, 5 October.

(Signed) G. M. RALFE

Enclosure

PRESS RELEASE

Angolan diamonds

The diamond mining and marketing company De Beers today announced that it had placed an embargo on the purchase of all diamonds from Angola by its buying offices around the world. It was also ending its participation in all buying operations in Angola and was reviewing its buying operations in other West and Central African countries, namely the Democratic Republic of the Congo and Guinea. De Beers ended its buying operations in Liberia and Sierra Leone more than 14 years ago.

Mindful of its responsibilities and its relations with the Angolan Government, which is its partner in all its diamond buying and prospecting activities in Angola, De Beers has never bought diamonds from UNITA. Moreover, since the promulgation of Security Council resolution 1173 (1998), which imposed United Nations sanctions in June last year, De Beers buyers on the open market has been instructed not to purchase rough diamonds without an Angolan Government certificate of origin. Where such provenance was doubtful or uncertain, De Beers buyers had consistently refused to purchase. As a result of these measures, De Beers' purchases of Angolan diamonds on the open market have already dropped to negligible levels.

The company has, however, for some time been considering further action, namely a worldwide embargo on all Angolan diamond purchases to reinforce the sanctions against UNITA in line with its commitments to the Angolan Government. The position will be kept under review in consultation with the United Nations, other producing countries and the Angolan Government.

Announcing the decision in London today, the Managing Director of De Beers, Mr. Gary Ralfe said that De Beers would continue to urge its clients, among them the world's leading diamantaires, to adopt a similar policy and to support this initiative in the conduct of their own business.

Mr. Ralfe pointed out that De Beers had withdrawn its buyers from Angola a year ago. By closing down its buying offices in Angola and banning the purchase of all Angolan diamonds, De Beers was going much further than the sanctions imposed last year by the United Nations in its efforts to curtail the UNITA diamond trade. The only operation exempt from the worldwide embargo would be those diamonds which De Beers was contractually obliged to purchase from SDM, a joint venture operation in the formal mining sector, controlled by the Angolan Government and run by the Australian mining company, Ashton.

De Beers shared the world's deep concern over the continued suffering of the people of Angola, for more than 30 years the victims of a brutal and devastating civil war, he said. It was equally concerned that, in addition to revenues from oil and other natural resources, some of the funds which had fuelled the war had been derived from the illegal sale of diamonds by the UNITA rebel movement.

Mr. Ralfe pointed out that about 90 per cent of world diamond production came from Botswana, South Africa, Namibia, the Russian Federation, Canada and Australia, and in some of these countries the diamond industry made a major contribution to their economies. For example, Botswana, which before the discovery of diamonds was one of the poorest countries in the world, was now one of the most successful economies in Africa. This success was critically dependent on its diamond industry which directly employs more than 6,000 Botswana citizens and indirectly provides employment to more than 300,000. Diamonds account for 70 per cent of its foreign exchange earnings and 65 per cent of all Government revenues. Mr. Ralfe added that he was concerned that legitimate business, particularly in developing countries, should not be damaged by laudable attempts to reduce income from flowing into the coffers of rebel movements.